

HOUSE BILL 3507
By McMillan

AN ACT to amend Tennessee Code Annotated, Section 50-7-404;
Section 50-7-403(a) and (b) and Section 62-43-113(b)(2),
relative to staff leasing companies and unemployment
insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated 50-7-403(a) is amended by changing the uppercase
“F” in the first word of such subsection to a lowercase “f” and adding the following language at
the beginning of such subdivision:

Except as provided in Section 62-43-113(b)(2)(A)(ii) of the Tennessee
Employee Leasing Act pertaining to staff leasing companies and the
clients of such staff leasing companies,

SECTION 2. Tennessee Code Annotated 50-7-403(b)(1) is amended by changing the uppercase
“T” in the first word of such subdivision to a lowercase “t” and adding the following language at
the beginning of such subdivision:

Except as provided in Section 62-43-113(b)(2)(A)(ii) of the Tennessee
Employee Leasing Act pertaining to staff leasing companies and the
clients of such staff leasing companies,

SECTION 3. Tennessee Code Annotated 50-7-403(b)(2) is amended by designating the first paragraph of such subdivision as subdivision (A) and adding the following language as a new subdivision (B):

As provided in Section 62-43-113(b)(2)(A)(ii)(b) of the Tennessee Employee Leasing Act, a staff leasing company shall not be considered a successor employer, within the meaning of this Title 50, Chapter 7, Part 403, to any client and shall not acquire the experience history of any client with whom the staff leasing company has contracted. The client, upon terminating its relationship with the staff leasing company, shall not be considered a successor employer, within the meaning of this Title 50, Chapter 7, to the staff leasing company and shall not acquire any portion of the experience history of the aggregate reserve account of the staff leasing company.

SECTION 4. Tennessee Code Annotated 50-7-404 is amended by adding the following language as a new subsection (l)

(l) A client of a staff leasing company shall be jointly and severally liable with the staff leasing company for state unemployment premiums unless such client is relieved of such joint and several liability as provided under the provisions of Section 62-43-113(b)(2)(B) of the Tennessee Employee Leasing Act.

SECTION 5. Tennessee Code Annotated 62-43-113(b)(2)(A)(ii)(b) is amended by deleting the language “Standard Industrial Classification (SIC) Code” and substituting instead “industrial classification”.

SECTION 6. This Act shall take effect upon becoming law, the public welfare requiring it.